

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Pescetti Analyst: Marion Mann DeJong Bill Number: AB 572

Related Bills: AB 436 (1999/00) Telephone: 845-6979 Amended Date: 03/25/1999

SB 1222 (1999/00) Attorney: Doug Bramhall Sponsor:

SUBJECT: Taxpayer Bill of Rights/Conformity

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

☒ DEPARTMENT POSITION CHANGED TO neutral.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 19, 1999, STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

This bill would generally conform to the following three provisions of the Internal Revenue Service Restructuring and Reform Act of 1998.

- Shifting the burden of proof for factual issues in court proceedings to the Franchise Tax Board, the Board of Equalization or the Employment Development Department, if the taxpayer meets specified criteria.
- Expansion of innocent spouse protections.
- Suspension of the statute of limitations (SOL) for certain refund claims for periods during which the taxpayer is "financially disabled."

SUMMARY OF AMENDMENT

The March 25, 1999, amendments made the following changes:

- deleted the provision of the bill relating to Roth individual retirement accounts (IRAs),
- in the case of partnerships, corporations and trusts, limited the burden of proof shift to entities with a net worth of \$7 million or less, and
- made minor technical changes.

The restriction limiting the burden of proof shift to partnerships, corporations and trusts with a net worth of \$7 million or less partially resolved the policy consideration in the department's prior analysis by more closely conforming to the federal burden of proof provision. This amendment did not change the fiscal impact for the burden of proof provision since the fiscal impact is unknown.

Except for the discussion of Roth IRAs and the position, the department's

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input checked="" type="checkbox"/> N	<input type="checkbox"/> OUA	<input type="checkbox"/> PENDING

Department/Legislative Director Date

Johnnie Lou Rosas **4/1/1999**

analysis of the bill as introduced February 19, 1999, still applies.

The position is changed from pending to reflect the action taken by the Franchise Tax Board at its recent meeting.

BOARD POSITION

Neutral.

At its March 23, 1999, meeting, the Franchise Tax Board voted 2-0 to take a neutral position on this bill as introduced February 19, 1999.